

**CITY OF PORT ALLEN,  
LOUISIANA**

**FINANCIAL REPORT**

**June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/13/10

**Provost**  
**Salter**  
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# CITY OF PORT ALLEN, LOUISIANA

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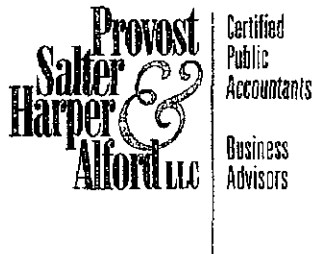
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## **INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Honorable Mayor and Members of the City Council  
City of Port Allen, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Port Allen, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009, on our consideration of the City of Port Allen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 16 and the budgetary comparison information and the funding progress for postemployment benefits on pages 62 through 71 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprised the City of Port Allen, Louisiana's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Port Allen, Louisiana. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PROVOST, SALTER, HARPER & ALFORD, LLC

*Provost, Salter, Harper & Alford, LLC*

December 15, 2009

**City of Port Allen, Louisiana**  
**Management's Discussion and Analysis**

**June 30, 2009**

We offer readers of the City of Port Allen's financial statements this narrative overview and analysis of the financial activities of the City of Port Allen for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

**Financial Highlights**

Key financial highlights for the 2009 fiscal year include the following:

- The assets of the City of Port Allen exceeded its liabilities at the close of the most recent fiscal year by \$14,718,214 (net assets). Of this amount, \$1,967,397 (unrestricted net assets) may be used to meet the government's current obligations to citizens and creditors.
- The total net assets of the City of Port Allen increased by \$545,763 for the year ended June 30, 2009. Net assets of governmental activities increased by \$597,468 and net assets of business-type activities decreased by \$51,705.
- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported combined ending fund balance of \$9,206,703, an increase of \$1,039,572 in comparison with the prior fiscal year, primarily due to proceeds received from debt issued for the construction of a new fire station. The majority of this fund balance is comprised of approximately \$4.4 million for the General Fund, \$1.8 million for the Capital Improvements Fund and \$1.9 million for the Port Allen Fire Subdistrict No. 3.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$1,879,216, or 34% of total General Fund expenditures.
- The City of Port Allen's total long term debt increased \$2,650,999 (57%) during the fiscal year as a result of: (1) the payment of \$65,000 on the balance of a loan for a sewer effluent line constructed in 1998, and (2) the payment of \$90,000 on the balance of the bonds for the new city hall and (3) an overall increase of \$674 in the amount of estimated long term compensated absences and (4) an increase in other post employment benefit liabilities of \$85,325 and (5) new debt of \$2,720,000 for construction and equipment for a new fire station on Highway 1.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2009

#### Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City of Port Allen's basic financial statements. The City of Port Allen's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Port Allen's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City of Port Allen's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Port Allen is improving or deteriorating.

The Statement of Activities presents information showing how the City of Port Allen's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Assets and the Statement of Activities distinguish functions of the City of Port Allen that are principally supported by taxes, intergovernmental revenues, and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City of Port Allen's governmental activities include general government, public safety, roads and drainage, sanitation, culture, welfare and City Court. The business-type activities of the City of Port Allen include water, gas and sewerage.



**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2009**

Not only do the government-wide financial statements include the City of Port Allen itself, which is the primary government, but also its component unit, The City Court of Port Allen. Although the component unit is legally separate, its operational or financial relationship with the City of Port Allen makes the City of Port Allen financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Port Allen, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Port Allen can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2009

The City of Port Allen maintains ten individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Port Allen Fire Subdistrict Number 3, Louisiana Community Development Block Grant Fund, The Capital Improvements Fund, The Municipal Complex Debt Service Fund and The Fire Complex Construction Fund, all of which are considered to be major funds. Data for the other four governmental funds, namely, the Low Income Housing Fund, the Fire Station Debt Service Fund, the Riverfront Fund, and the Municipal Complex Construction Fund are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Port Allen adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided for certain of these funds to demonstrate compliance with these budgets.

*Proprietary funds.* There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the water, gas, and sewerage activities of the City, which are presented as business-type activities in the government-wide financial statements. The City of Port Allen uses two enterprise funds – one to account for its water and gas services, and one to account for its sewer services. The City of Port Allen has no internal service funds.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the water and gas and sewerage operations, which are considered to be major funds of City of Port Allen.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Port Allen's compliance with budgets for its major funds.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons.

# City of Port Allen, Louisiana

## Management's Discussion and Analysis

June 30, 2009

### Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Port Allen, assets exceed liabilities by \$14,718,214 at the close of the most recent fiscal year.

A large portion of the City of Port Allen's net assets (20 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Port Allen uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Port Allen's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### City of Port Allen's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 9,998,550	\$ 8,749,215	\$ 1,391,712	\$ 1,606,499	\$ 11,390,262	\$ 10,355,714
Restricted assets	1,256,574	337,293	267,144	258,541	1,523,718	595,834
Capital assets	8,886,320	6,876,106	2,263,138	2,255,831	11,149,458	9,131,937
Total assets	20,141,444	15,962,614	3,921,994	4,120,871	24,063,438	20,083,485
Current and other liabilities	1,753,152	726,280	457,451	506,132	2,210,603	1,232,412
Long-term liabilities	6,359,665	3,805,175	774,956	873,447	7,134,621	4,678,622
Total liabilities	8,112,817	4,531,455	1,232,407	1,379,579	9,345,224	5,911,034
Net assets:						
Invested in capital assets, net of related debt	2,886,320	3,506,106	1,637,015	1,564,708	4,523,335	5,070,814
Restricted	7,327,482	6,578,089	900,000	900,000	8,227,482	7,478,089
Unrestricted	1,814,825	1,346,964	152,572	276,584	1,967,397	1,623,548
Total net assets	\$ 12,028,627	\$ 11,431,159	\$ 2,689,587	\$ 2,741,292	\$ 14,718,214	\$ 14,172,451

The balance of unrestricted net assets of \$1,967,397 is used to meet the City of Port Allen's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Port Allen is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

# City of Port Allen, Louisiana

## Management's Discussion and Analysis

June 30, 2009

The City of Port Allen's net assets increased by \$545,763 during the current fiscal year. The change is shown below and is discussed on pages 9 through 11.

### City of Port Allen's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<i>Revenues</i>						
Program revenues:						
Charges for services	\$ 926,190	\$ 830,826	\$ 2,436,330	\$ 2,523,231	\$ 3,362,520	\$ 3,354,057
Grants and contributions	1,323,545	747,648	8,497	-	1,332,042	747,648
General revenues:						
Property taxes	439,416	394,855	-	-	439,416	394,855
Franchise taxes	378,210	400,389	-	-	378,210	400,389
Intergovernmental revenues	4,885,621	4,657,206	-	-	4,885,621	4,657,206
Investment earnings	209,432	289,116	24,881	77,777	234,313	366,893
Other general revenues	70,915	72,999	17,794	(24,005)	88,709	48,994
Total revenues	<u>8,233,329</u>	<u>7,393,039</u>	<u>2,487,502</u>	<u>2,577,003</u>	<u>10,720,831</u>	<u>9,970,042</u>
<i>Expenses</i>						
General Government	879,066	808,903	-	-	879,066	808,903
Public Safety	2,687,699	2,542,226	-	-	2,687,699	2,542,226
Roads and Drainage	2,046,582	1,711,849	-	-	2,046,582	1,711,849
Depot Welcoming Center	14,118	10,092	-	-	14,118	10,092
Sanitation	893,154	460,517	-	-	893,154	460,517
Animal Control	29,646	34,128	-	-	29,646	34,128
Welfare	537,230	559,726	-	-	537,230	559,726
Community Development	131,373	128,696	-	-	131,373	128,696
Fleet Maintenance	117,351	104,038	-	-	117,351	104,038
Debt Service	299,642	164,929	-	-	299,642	164,929
Water, Sewage and Gas	-	-	2,539,207	2,781,763	2,539,207	2,781,763
Total expenses	<u>7,635,861</u>	<u>6,525,104</u>	<u>2,539,207</u>	<u>2,781,763</u>	<u>10,175,068</u>	<u>9,306,867</u>
Increase (decrease) in net assets	597,468	867,935	(51,705)	(204,760)	545,763	663,175
Net assets - beginning	11,431,159	10,363,224	2,741,292	2,946,052	14,172,451	13,509,276
Net assets at end of year	<u>\$ 12,028,627</u>	<u>\$ 11,431,159</u>	<u>\$ 2,689,587</u>	<u>\$ 2,741,292</u>	<u>\$ 14,718,214</u>	<u>\$ 14,172,451</u>

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2009**

**Governmental Activities**

Revenues for the City of Port Allen's governmental activities for the year ended June 30, 2009 were \$8,233,329 compared to \$7,393,039 in the year ended June 30, 2008.

- Sales taxes increased by \$490,797. Sales taxes are 75% of general revenues and 54% of total revenues.
- Investment earnings decreased \$132,580, mainly as a result of lower market rates.

**Business-type activities**

The business-type activities of the City are those for which the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Water & Gas and Sewer funds are addressed here.

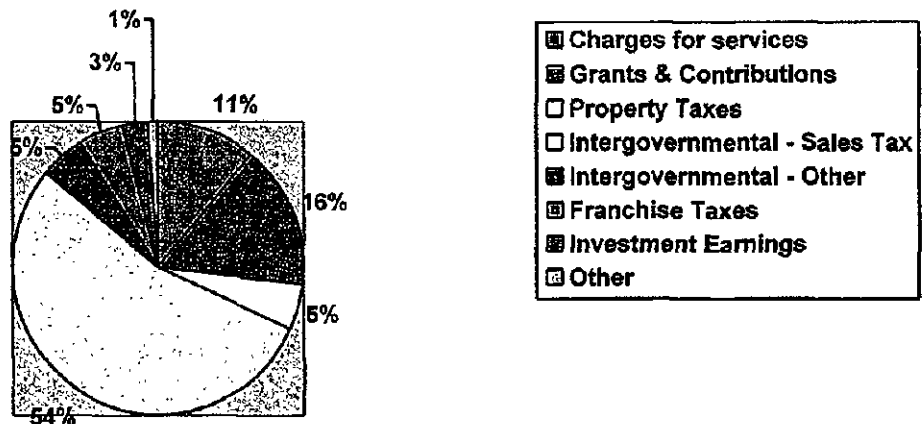
- Charges for services for the City's business-type activities were \$2,436,330, a decrease of \$86,901, mainly as a result of lower demand for natural gas.
- The City's business-type activities resulted in a total operating loss of \$51,705, mainly due to an inadequate rate structure.
- The prior year's operating losses were mitigated by adoption of Ordinance No. 1 of 2009 which increased minimum monthly sewer rates by \$5.00. This resulted in an increase in sewer charges of approximately \$45,000 for the year.

**City of Port Allen, Louisiana**  
**Management's Discussion and Analysis**  
**June 30, 2009**

**Total Governmental Activities Revenues**

	<u>Amount</u>	<u>Percentage</u>
Charges for services	\$ 926,190	11%
Grants and contributions	1,323,545	16%
Property taxes	439,416	5%
Intergovernmental:		
Sales taxes	4,467,149	54%
Other	418,472	5%
Franchise taxes	378,210	5%
Investment earnings	209,432	3%
Other	70,915	1%
	<hr/>	
Total governmental activities revenues	\$ 8,233,329	100%

**Revenues**



## City of Port Allen, Louisiana

### Management's Discussion and Analysis

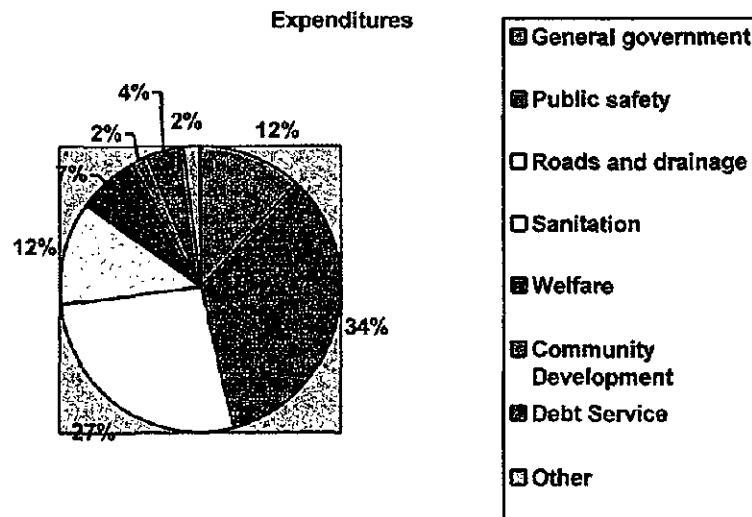
June 30, 2009

#### Total Governmental Activities Expenditures

The cost of all governmental activities this year was \$7,635,861, an increase of \$1,110,757. Key factors for the increase were: (1) \$145,473 for public safety expenses, (2) \$334,733 for roads and drainage expenses and (3) \$432,637 in sanitation expense due to removal of debris from Hurricane Gustav.

	Amount	Percentage
General government	\$ 879,066	12%
Public safety	2,687,699	34%
Roads and drainage	2,046,582	27%
Sanitation	893,154	12%
Welfare	537,230	7%
Community Development	131,373	2%
Debt Service	299,642	4%
Other	161,115	2%
Total governmental activities expenditures	<u>\$ 7,635,861</u>	<u>100%</u>

The City of Port Allen's largest programs are public safety, roads and drainage, general government, and welfare. The graph below shows the expenses generated by governmental activities:



## **City of Port Allen, Louisiana**

### **Management's Discussion and Analysis**

**June 30, 2009**

#### **Financial Analysis of the City of Port Allen's Funds**

##### **Governmental Funds**

As noted earlier, the City of Port Allen uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Port Allen's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Port Allen's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported a combined ending fund balance of \$9,206,703, an increase of \$1,039,572 in comparison with the prior fiscal year. Of this amount, \$1,879,221 or 20% was unreserved, undesignated and available for spending. \$7,327,482 or 80% was reserved or designated to indicate that it is not available for new spending because it has already been committed.
- The General Fund is the chief operating fund of the City of Port Allen. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,879,216. That amount is undesignated and is available for spending at the City Council's discretion. The total fund balance of the City of Port Allen's General Fund increased by \$295,282, even though a \$253,544 transfer to the Capital Improvements Fund was authorized and made possible by an increase in sales tax revenue.
- The fund entitled "Port Allen Fire Subdistrict Number 3" accounts for fire and emergency activities. At the end of the current fiscal year, reserved fund balance of the Fund was \$1,855,194, an increase of \$139,877 due to an increase in sales tax revenue.
- The Capital Improvements Fund accumulates monies for future capital outlays, as decided upon by the City's management and approved by the City Council. At the end of the current fiscal year, the fund balance of this fund was \$1,761,749, all of which is reserved for capital improvements.
- The Low Income Housing Assistance Fund accounts for all receipts and expenditures of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify. At the end of the current fiscal year, the fund balance of this fund was \$150,889, all of which is reserved for housing assistance.



**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2009**

- The Municipal Complex Debt Service Fund is operational through proceeds from debt and transfers from the Capital Improvements Fund of the City. At the end of the current fiscal year, the fund balance of this fund was \$151,033, all of which is reserved for debt service.

**Proprietary Funds**

Water & Gas Fund and Sewer Fund net assets decreased by \$51,705. The operating loss decreased by \$179,379 to \$49,928. The loss was less than prior years because the council increased rates during the year. We expect there will be a small profit in the year ending June 30, 2010 because the rate increase will be in effect for a full fiscal year.

**General Fund Budgetary Highlights**

The budget policy of the City of Port Allen complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government budget Act (LSA-R.S. 39:1301 et seq.).

The original budget for the General Fund of the City of Port Allen was adopted on June 13, 2008. Some amendments were made. Differences between the budget and the actual results of the General Fund are as follows:

**Revenues**

- General Fund revenues were \$163,624 and \$1,132,193 higher than revised and original budget estimates, respectively. Sales tax revenue was the largest contributor to those favorable budget variances.

**Expenditures**

- Total expenditures were \$97,230 (2%) higher than the revised budget estimate and \$712,431 (15%) higher than the original budget estimate, primarily due to costs associated with Hurricane Gustav debris removal throughout the City.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2009

#### Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2009 amounts to \$11,149,458 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and structures, furniture and fixtures, equipment and vehicles, the sewer system and wastewater treatment plant, and the water and gas systems. Due to its size, the City of Port Allen is not required to report infrastructure assets acquired before June 30, 2004. However, the City will continue to report new infrastructure assets in the year acquired.

Additional information on the City's capital assets can be found in Note 5 on page 46 through 48 of this financial report.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land and Land improvements	\$ 861,301	\$ 861,301	\$ 23,573	\$ 23,573	\$ 884,874	\$ 884,874
Construction in progress	1,952,409	-	-	-	1,952,409	-
Buildings and structures	4,228,694	4,360,619	196,672	205,099	4,425,366	4,565,718
Furniture and Fixtures	264,976	296,298	22,601	18,722	287,577	315,020
Equipment and vehicles	1,578,940	1,357,888	95,494	113,281	1,674,434	1,471,169
Wastewater treatment plant	-	-	293,447	321,675	293,447	321,675
Water System	-	-	386,651	286,462	386,651	286,462
Gas System	-	-	190,042	201,269	190,042	201,269
Sewer System	-	-	1,054,658	1,085,750	1,054,658	1,085,750
Total	\$ 8,886,320	\$ 6,876,106	\$ 2,263,138	\$ 2,255,831	\$ 11,149,458	\$ 9,131,937

Major capital asset events during the fiscal year included the following:

- The purchase of new vehicles and equipment for the police department for \$94,294.
- Purchase of a new backhoe and bucket for the roads and drainage department for \$92,220.
- Purchase of a new vehicles and equipment for the fire department for \$175,834.
- Purchase and installation of a generator at the North 12<sup>th</sup> Street water well for \$113,553.
- Construction of a new fire station and a storage building for \$1,952,409.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2009**

**Long Term Debt**

At the end of the current fiscal year, the City of Port Allen had total debt outstanding of \$7,329,621. Of this amount, \$6,000,000 comprises debt backed by the full faith and credit of the government, \$626,123 represents debt secured by specified revenue sources, \$618,173 represents the City's estimated liability for compensated absences, and \$85,325 represents the City's estimated liability for other postemployment benefits. The following table summarizes debt outstanding at June 30, 2009.

**Long Term Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue Bonds Payable	\$ 6,000,000	\$ 3,370,000	\$ 626,123	\$ 691,123	\$ 6,626,123	\$ 4,061,123
Other Post Employment Benefit Obligations	65,635	-	19,690	-	85,325	-
Compensated Absences	424,030	435,175	194,143	182,324	618,173	617,499
<b>Total Long Term Debt</b>	<b>\$ 6,489,665</b>	<b>\$ 3,805,175</b>	<b>\$ 839,956</b>	<b>\$ 873,447</b>	<b>\$ 7,329,621</b>	<b>\$ 4,678,622</b>

During the fiscal year, the City's total debt increased by \$2,650,999, due to the repayment of \$90,000 on revenue bonds issued for the new city hall construction and \$65,000 to the Department of Environmental Quality Revolving Loan Fund, issuance of \$2,720,000 of bonds to construct and equip a new fire station, an overall increase of \$674 in the estimated long term compensated absences and the recording of \$85,325 liability for post employment benefit obligations.

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2009**

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors were considered when the budget for FY 2010 was presented to the Council:

- For the year ending June 30, 2010, the City of Port Allen has projected a 0% increase in property tax revenues over the original budget for the prior fiscal year, and a 2.95% increase in sales tax revenues over the original budget for the prior fiscal year. Because our share of sales taxes is based on population, we annexed into the City a large area south of the city limits in August, 2008 and are in the process of annexing another area that lies just west of the City.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Port Allen's finances for all those with an interest in the City of Port Allen's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer of the City of Port Allen, 375 Court Street, Port Allen, LA, 70767, or by calling (225) 346-5670.

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**CITY OF PORT ALLEN, LOUISIANA**

*Basic Financial Statements*

*June 30, 2009*

# CITY OF PORT ALLEN, LOUISIANA

## Statement of Net Assets

June 30, 2009

	Primary Government			Component unit
	Government activities	Business-type activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,141,050	\$ 730,269	\$ 6,871,319	\$ 98,694
Investments	2,289,797	343,794	2,633,591	161,204
Receivables, net	120,802	235,363	356,165	-
Due from other funds	576,490	24,181	600,671	16,980
Due from other governments	435,089	-	435,089	-
Prepaid items and other assets	105,053	58,105	163,158	-
Capitalized bond costs	330,269	-	330,269	-
Restricted assets:				
Cash and cash equivalents	1,256,574	148,286	1,404,860	-
Investments	-	118,858	118,858	-
Capital assets:				
Land	861,301	23,573	884,874	-
Other capital assets, net of depreciation	8,025,019	2,239,565	10,264,584	31,112
Total assets	20,141,444	3,921,994	24,063,438	307,990
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	900,223	133,730	1,033,953	16,746
Due to other funds	485,498	115,173	600,671	-
Deposits and deferred charges	-	137,365	137,365	-
Contract retainage payable	97,484	-	97,484	-
Accrued interest payable	139,947	6,183	146,130	-
Bonds payable, due within one year	130,000	65,000	195,000	-
Noncurrent liabilities:				
Compensated absences	424,030	194,143	618,173	-
OPEB Obligations	65,635	19,690	85,325	-
Bonds payable, due in more than one year	5,870,000	561,123	6,431,123	-
Total liabilities	8,112,817	1,232,407	9,345,224	16,746
<b>Net Assets</b>				
Invested in capital assets, net of related debt	2,886,320	1,637,015	4,523,335	31,112
Restricted for:				
Prepaid expenses	62,993	-	62,993	-
Public safety	1,858,194	-	1,858,194	-
Welfare	150,889	-	150,889	-
Debt service	371,980	-	371,980	-
Capital improvements	2,383,426	-	2,383,426	-
Ordinance No. 1 of 2006	2,500,000	900,000	3,400,000	-
Unrestricted	1,814,825	152,572	1,967,397	260,132
Total net assets	\$ 12,028,627	\$ 2,689,587	\$ 14,718,214	\$ 291,244

**CITY OF PORT ALLEN, LOUISIANA**  
**Statement of Activities**

Year Ended June 30, 2009

Functions/programs	Net (expenses) revenue and change in assets									
	Program Revenues					Primary Government Business-type activities		Total		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary Government Business-type activities				Component units
Primary government:										
Governmental activities:										
General government	\$ 879,066	\$ 382,962	\$ 280,875	\$ -	\$ (215,229)	\$ -	\$ (215,229)	\$ -	\$ -	-
Public safety	2,687,699	184,068	16,157	10,000	(2,477,474)	-	(2,477,474)	-	-	-
Roads and drainage	2,046,582	-	-	460,000	(1,586,582)	-	(1,586,582)	-	-	-
Depot welcoming center	14,118	-	-	-	(14,118)	-	(14,118)	-	-	-
Sanitation	893,154	359,160	-	-	(533,994)	-	(533,994)	-	-	-
Animal control	29,446	-	-	-	(29,446)	-	(29,446)	-	-	-
Welfare	537,330	-	556,513	-	19,283	-	19,283	-	-	-
Community Development	131,373	-	-	-	(131,373)	-	(131,373)	-	-	-
Fleet maintenance	117,351	-	-	-	(117,351)	-	(117,351)	-	-	-
Deer Service	299,642	-	-	-	(299,642)	-	(299,642)	-	-	-
Total governmental activities	\$ 7,635,861	\$ 926,190	\$ 833,545	\$ 470,000	\$ (5,386,126)	\$ -	\$ (5,386,126)	\$ -	\$ -	-
Business-type activities										
Water and Gas	1,840,962	1,696,457	8,497	-	-	(136,008)	(136,008)	-	-	-
Sewer	698,145	739,873	-	-	-	41,628	41,628	-	-	-
Total business-type activities	2,539,107	2,436,330	8,497	-	-	(94,380)	(94,380)	-	-	-
Total primary government	\$ 10,175,068	\$ 3,362,520	\$ 842,042	\$ 470,000	\$ (5,386,126)	\$ (94,380)	\$ (5,480,506)	\$ -	\$ -	-
Component units:										
City Court	\$ 300,854	\$ 318,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	17,778
General revenues:										
Property taxes						\$ 439,416	\$ -	\$ 439,416	\$ -	-
Franchise taxes						378,210	-	378,210	-	-
Intergovernmental revenue						4,467,149	-	4,467,149	-	-
Sales and use taxes						272,246	-	272,246	-	-
Other taxes						146,226	-	146,226	-	-
Other income						209,432	24,881	234,313	3,797	-
Investment earnings						13,395	-	13,395	-	-
Gain on Sale of Assets						57,520	-	57,520	-	-
Miscellaneous						17,794	-	17,794	-	-
Total general revenues and transfers						5,983,594	42,675	6,026,269	3,797	-
Change in net assets						597,468	(31,705)	545,763	21,575	-
Net assets - beginning						11,431,159	2,741,292	14,172,451	269,669	-
Net assets - ending						\$ 12,028,627	\$ 2,689,587	\$ 14,718,214	\$ 291,244	-

# CITY OF PORT ALLEN, LOUISIANA

Balance Sheet, Governmental Funds

June 30, 2009

	General	Port Allen Fire Subdistrict Number 3	LCDBG	Capital Improvements Fund	Municipal Complex Debt Service Fund	Fire Station Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 2,731,868	\$ 1,253,306	\$ -	\$ 1,951,785	\$ -	\$ -	\$ 204,086	\$ 6,141,050
Investments	1,460,105	829,692	-	-	-	-	-	2,289,797
Receivables, net	111,663	9,113	-	26	-	-	-	120,802
Due from other funds	371,690	-	-	-	-	204,800	-	576,490
Due from other governments	267,964	131,925	-	35,200	-	-	-	435,089
Prepaid items and other assets	62,993	42,060	-	-	-	-	-	105,053
Restricted cash and cash equivalents	-	-	-	-	326,697	635,225	294,652	1,256,574
<b>Total assets</b>	\$ 5,006,283	\$ 2,266,096	\$ -	\$ 1,987,011	\$ 326,697	\$ 840,025	\$ 498,738	\$ 10,924,855
<b>Liabilities and Fund Balance</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 561,074	\$ 88,149	\$ -	\$ 62,817	\$ -	\$ 188,183	\$ -	\$ 900,223
Matured bonds	-	-	-	-	95,000	-	-	95,000
Due to other funds	-	322,753	-	162,445	-	-	300	485,498
Contract retainage payable	-	-	-	-	-	97,484	-	97,484
Accrued interest payable	-	-	-	-	80,664	-	59,283	139,947
<b>Total liabilities</b>	561,074	410,902	-	225,262	175,664	285,667	59,583	1,718,152
<b>Fund balance:</b>								
Reserved for:								
Prepaid items	62,993	-	-	-	-	-	-	62,993
Public safety	3,000	1,855,194	-	-	-	-	-	1,858,194
Welfare	-	-	-	-	-	-	150,889	150,889
Debt service	-	-	-	-	151,033	-	220,947	371,980
Capital improvements	-	-	-	1,761,749	-	554,358	67,319	2,383,426
Ordinance No. 1 of 2006	2,500,000	-	-	-	-	-	-	2,500,000
Unreserved, undesignated	1,879,216	-	\$ -	-	-	-	-	1,879,221
<b>Total fund balance</b>	4,445,209	1,855,194	\$ -	1,761,749	151,033	554,358	439,155	9,206,703
<b>Total liabilities and fund balance</b>	\$ 5,006,283	\$ 2,266,096	\$ -	\$ 1,987,011	\$ 326,697	\$ 840,025	\$ 498,738	\$ 10,924,855



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## CITY OF PORT ALLEN, LOUISIANA

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### *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets*

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June 30, 2009

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Fund balances - total governmental funds	\$	9,206,703
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Amounts reported for governmental activities in the statement of  
net assets are different because:

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the governmental funds

Governmental capital assets	11,983,459	
Less accumulated depreciation	<u>(3,097,139)</u>	
		8,886,320

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are deferred in the funds

Capitalized bond costs	330,269
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Long-term liabilities are not due and payable in the current period and,  
therefore, are not reported in the governmental funds

Bonds payable	(5,905,000)	
OPEB obligations	(65,635)	
Compensated absences	<u>(424,030)</u>	
		<u>(6,394,665)</u>

Net assets of governmental activities	\$	<u>12,028,627</u>
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**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds*

*Year Ended June 30, 2009*

	General	Port Allen Fire Subdistrict Number 3	LCDBG	Capital Improvements Fund	Municipal Complex Debt Service Fund	Fire Station Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 817,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 817,626
Licenses and permits	382,962	-	-	-	-	-	-	382,962
Intergovernmental	3,429,315	1,662,629	460,000	219,402	-	-	556,513	6,327,859
Charges for services	372,401	-	-	-	-	-	-	372,401
Fines and forfeitures	52,133	-	-	-	-	-	-	52,133
Investment earnings	98,997	74,658	-	23,430	360	10,049	1,939	209,433
Miscellaneous	27,447	30,067	-	-	-	-	6	57,520
<b>Total revenues</b>	<b>5,180,881</b>	<b>1,767,354</b>	<b>460,000</b>	<b>242,832</b>	<b>360</b>	<b>10,049</b>	<b>558,458</b>	<b>8,219,934</b>
<b>Expenditures</b>								
<b>Current</b>								
General government	603,348	-	-	-	-	-	900	604,248
Public safety	2,268,695	239,234	-	-	-	-	-	2,507,929
Roads and drainage	1,304,564	-	-	4,800	-	-	-	1,309,364
Depot welcome center	14,119	-	-	-	-	-	-	14,119
Sanitation	893,153	-	-	-	-	-	-	893,153
Health	29,646	-	-	-	-	-	-	29,646
Welfare	-	-	-	-	-	-	537,230	537,230
Community Development	131,373	-	-	-	-	-	-	131,373
Fleet maintenance	115,742	-	-	-	-	-	-	115,742
Highway and Safety	-	-	717,367	-	-	-	-	717,367
<b>Capital outlay</b>								
General government	-	-	-	8,123	-	1,952,409	(2,500)	1,958,032
Public safety	27,914	175,834	-	83,049	-	-	-	286,797
Fleet maintenance	-	-	-	1,892	-	-	-	1,892
Roads and drainage	99,072	-	-	87,669	-	-	-	166,741
<b>Debt Service</b>								
Principal	-	-	-	-	95,000	-	-	95,000
Interest and other charges	-	-	-	-	-	-	138,314	138,314
Bond issuance costs	-	-	-	-	168,408	-	179,653	348,061
<b>Total expenditures</b>	<b>5,487,626</b>	<b>415,068</b>	<b>717,367</b>	<b>165,533</b>	<b>263,408</b>	<b>1,952,409</b>	<b>853,597</b>	<b>9,855,008</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(306,745)</b>	<b>1,352,286</b>	<b>(257,367)</b>	<b>77,299</b>	<b>(263,048)</b>	<b>(1,942,360)</b>	<b>(295,139)</b>	<b>(1,635,074)</b>
<b>Other Financing Sources (Uses)</b>								
Sales of general fixed assets	14,875	203	-	-	-	-	-	15,078
Original issue discount	-	-	-	-	-	-	(60,432)	(60,432)
Operating transfers in	840,696	-	257,372	253,544	263,408	211,718	170,934	1,997,672
Operating transfers out	(253,544)	(1,212,612)	-	(521,380)	-	-	(10,136)	(1,997,672)
Bond Proceeds	-	-	-	-	-	2,285,000	435,000	2,720,000
<b>Total other financing sources (uses)</b>	<b>602,027</b>	<b>(1,212,409)</b>	<b>257,372</b>	<b>(267,836)</b>	<b>263,408</b>	<b>2,496,718</b>	<b>535,366</b>	<b>2,674,646</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>295,282</b>	<b>139,877</b>	<b>5</b>	<b>(190,537)</b>	<b>360</b>	<b>554,358</b>	<b>240,227</b>	<b>1,039,572</b>
<b>Fund Balances</b>								
<b>Beginning</b>	<b>4,149,927</b>	<b>1,715,317</b>	<b>-</b>	<b>1,952,286</b>	<b>150,673</b>	<b>-</b>	<b>198,928</b>	<b>8,167,131</b>
<b>Ending</b>	<b>\$ 4,445,209</b>	<b>\$ 1,855,194</b>	<b>\$ -</b>	<b>\$ 1,761,749</b>	<b>\$ 151,033</b>	<b>\$ 554,358</b>	<b>\$ 439,155</b>	<b>\$ 9,206,703</b>

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**CITY OF PORT ALLEN, LOUISIANA**

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**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, Changes in Fund Balances to the Statement of Activities****Year Ended June 30, 2009**

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Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds \$ 1,039,572

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay	2,413,462	
Depreciation expense	<u>(401,566)</u>	
		2,011,896

The net effect of various miscellaneous transactions involving capital assets  
(i.e., sales, trade-ins, and donations) is to decrease net assets. (1,683)

The issuance of long term debt provides current financial resources to  
governmental funds, while the repayment of the principal of long term debt  
consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net assets.

Principal payments	95,000
Proceeds from sale of bonds	(2,720,000)

Some expenses reported in the statement of activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

Cost of issuance	179,653	
Original issue discount	60,432	
Amortization of issuance costs	(5,031)	
Amortization of original issue discount	(7,881)	
OPEB expenses	(65,635)	
Decrease in compensated absences	<u>11,145</u>	
		<u>172,683</u>

Change in net assets of governmental activities \$ 597,468

# CITY OF PORT ALLEN, LOUISIANA

## Statement of Net Assets, Proprietary Funds

June 30, 2009

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 483,471	\$ 246,798	\$ 730,269
Investments	343,794	-	343,794
Accounts receivable, net	233,300	2,063	235,363
Due from other funds	24,181	-	24,181
Prepaid expenses and other current assets	49,403	8,702	58,105
Total current assets	1,134,149	257,563	1,391,712
<b>Non-current Assets</b>			
Restricted:			
Cash and cash equivalents	137,365	10,921	148,286
Investments	-	118,858	118,858
Total restricted assets	137,365	129,779	267,144
Capital assets:			
Land and land improvements	16,193	7,380	23,573
Buildings and structures	296,874	-	296,874
Furniture and fixtures	112,747	5,903	118,650
Equipment and vehicles	188,629	111,975	300,604
Wastewater treatment plant	-	803,193	803,193
Water system	1,436,698	-	1,436,698
Gas system	917,071	-	917,071
Sewer system	-	1,685,473	1,685,473
Less accumulated depreciation	(2,111,441)	(1,207,557)	(3,318,998)
Total capital assets (net of accumulated depreciation)	856,771	1,406,367	2,263,138
Total non-current assets	994,136	1,536,146	2,530,282
Total assets	2,128,285	1,793,709	3,921,994

# **CITY OF PORT ALLEN, LOUISIANA**

## **Statement of Net Assets, Proprietary Funds, Continued**

June 30, 2009

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Liabilities</b>			
<b>Current Liabilities (payable from current assets):</b>			
Accounts payable	82,101	51,629	133,730
Due to other funds	90,992	24,181	115,173
Customer deposits	137,365	-	137,365
Total current liabilities (payable from current assets)	310,458	75,810	386,268
<b>Current Liabilities (payable from restricted assets):</b>			
Accrued interest payable on revenue bonds	-	6,183	6,183
Current portion of long-term debt	-	65,000	65,000
Total current liabilities (payable from restricted assets)	-	71,183	71,183
<b>Non-current Liabilities:</b>			
Compensated absences	109,271	84,872	194,143
OPEB obligations	13,127	6,563	19,690
Bonds and notes payable	-	561,123	561,123
Total non-current liabilities	122,398	652,558	774,956
Total liabilities	432,856	799,551	1,232,407
<b>Net Assets</b>			
Invested in capital assets, net of related debt	856,771	780,244	1,637,015
Restricted for:			
Ordinance No. 1 of 2006	900,000	-	900,000
Unrestricted	(61,342)	213,914	152,572
Total net assets	\$ 1,695,429	\$ 994,158	\$ 2,689,587

# CITY OF PORT ALLEN, LOUISIANA

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

Year Ended June 30, 2009

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Operating Revenues</b>			
Charges for services			
Gas sales	\$ 1,190,859	\$ -	\$ 1,190,859
Water sales	440,939	-	440,939
Sewer service charges	-	737,794	737,794
Connection fees	28,730	2,079	30,809
Delinquent charges	35,929	-	35,929
Miscellaneous	24,180	2,111	26,291
<b>Total Operating Revenues</b>	<b>1,720,637</b>	<b>741,984</b>	<b>2,462,621</b>
<b>Operating Expenses</b>			
Personal services	634,835	352,115	986,950
Contractual services and other	214,198	122,927	337,125
Supplies	26,534	37,789	64,323
Materials	858,342	6,488	864,830
Heat, light and power	60,085	81,078	141,163
Depreciation	46,968	71,190	118,158
<b>Total Operating Expenses</b>	<b>1,840,962</b>	<b>671,587</b>	<b>2,512,549</b>
<b>Operating Income (Loss)</b>	<b>(120,325)</b>	<b>70,397</b>	<b>(49,928)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest expense	-	(26,658)	(26,658)
Investment earnings	13,359	11,522	24,881
<b>Total Nonoperating Revenues (Expenses)</b>	<b>13,359</b>	<b>(15,136)</b>	<b>(1,777)</b>
<b>Income (loss) before transfers</b>	<b>(106,966)</b>	<b>55,261</b>	<b>(51,705)</b>
Transfer in (out)	13,092	(13,092)	-
<b>Increase (Decrease) in net assets</b>	<b>(93,874)</b>	<b>42,169</b>	<b>(51,705)</b>
<b>Net assets</b>			
Beginning	1,789,303	951,989	2,741,292
Ending	\$ 1,695,429	\$ 994,158	\$ 2,689,587

# **CITY OF PORT ALLEN, LOUISIANA**

## **Statement of Cash Flows Proprietary Funds**

*Year Ended June 30, 2009*

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 1,786,072	\$ 739,354	\$ 2,525,426
Payments to suppliers	(1,206,565)	(223,036)	(1,429,601)
Payments to employees for services and benefits	(617,383)	(338,058)	(955,441)
Other operating cash receipts	24,180	2,111	26,291
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(13,696)</b>	<b>180,371</b>	<b>166,675</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers to other funds	-	(109,554)	(109,554)
Transfers from other funds	103,819	-	103,819
<b>Net Cash Provided By (Used in) Noncapital Financing Activities</b>	<b>103,819</b>	<b>(109,554)</b>	<b>(5,735)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchase of capital assets	(121,681)	(3,783)	(125,464)
Principal paid on revenue bonds	-	(65,000)	(65,000)
Interest Paid	-	(27,300)	(27,300)
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>(121,681)</b>	<b>(96,083)</b>	<b>(217,764)</b>
<b>Cash Flows From Investing Activities</b>			
Proceeds from maturity of investments	-	-	-
Purchase of investments	(300,000)	-	(300,000)
Interest Received	17,202	7,877	25,079
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(282,798)</b>	<b>7,877</b>	<b>(274,921)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(314,356)</b>	<b>(17,389)</b>	<b>(331,745)</b>
<b>Cash and Cash Equivalents</b>			
Beginning	935,192	275,108	1,210,300
Ending	\$ 620,836	\$ 257,719	\$ 878,555
<b>Cash and Cash Equivalents</b>	<b>\$ 483,471</b>	<b>\$ 246,798</b>	<b>\$ 730,269</b>
<b>Restricted Assets</b>	<b>137,365</b>	<b>10,921</b>	<b>148,286</b>
<b>Totals</b>	<b>\$ 620,836</b>	<b>\$ 257,719</b>	<b>\$ 878,555</b>

# **CITY OF PORT ALLEN, LOUISIANA**

*Statement of Cash Flows (continued)*  
*Proprietary Funds*

*Year Ended June 30, 2009*

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Cash Flows From Operating Activities</b>			
Operating income	\$ (120,325)	\$ 70,397	\$ (49,928)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	46,968	71,190	118,158
Provisions for doubtful accounts	12,917	-	12,917
(Increase) decrease in assets			
Accounts receivable	71,773	(519)	71,254
Due from other funds	-	-	-
Prepaid expenses	(5,399)	(995)	(6,394)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	(42,007)	26,241	(15,766)
Due to other funds			-
Deposits	4,925	-	4,925
OPEB obligations	13,127	6,563	19,690
Compensated absences	4,325	7,494	11,819
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ (13,696)</b>	<b>\$ 180,371</b>	<b>\$ 166,675</b>



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**CITY OF PORT ALLEN, LOUISIANA**

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**Statement of Net Assets**  
**Component Unit****December 31, 2008**

	City Court
<b>Assets</b>	
Cash	\$ 98,694
Investments	161,204
Due from other funds	16,980
Capital assets, net of depreciation	<u>31,112</u>
Total assets	<u>307,990</u>
<b>Liabilities</b>	
Due to other governments	11,608
Accrued expenses	<u>5,138</u>
Total Liabilities	<u>16,746</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	31,112
Unrestricted	<u>260,132</u>
Total net assets	<u>\$ 291,244</u>

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**CITY OF PORT ALLEN, LOUISIANA**

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*Statement of Activities  
Component Unit**Year Ended December 31, 2008*

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	City Court
City Court			
Judiciary	\$ 300,854	\$ 318,632	\$ 17,778
General Revenues			
Investment earnings			3,797
Change in net assets			21,575
Net assets - beginning			269,669
Net assets - ending			\$ 291,244

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# CITY OF PORT ALLEN, LOUISIANA

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## Notes to Financial Statements

June 30, 2009

### 1. Summary of Significant Accounting Policies

**Reporting Entity.** The government is a municipal corporation governed by an elected Mayor and five member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended component unit:** The Port Allen Fire Subdistrict No. 3 serves the citizens of the government.

**Discretely presented component units:** The City Court of Port Allen serves the citizens of the City. The voters elect the judge. The City is required to provide facilities and funding for the operation of the Court.

Complete financial statements for the City Court may be obtained at the Court's administrative office: City Court of Port Allen, 330 South Alexander, Port Allen, Louisiana.

**Related Organizations.** The following organizations were considered for inclusion in the reporting entity but did not meet all of the requirements. Therefore, these entities were considered to be related organizations not reported in the accompanying basic financial statements.

**Port Allen Volunteer Fire Department and Port Allen Auxiliary Police Department.** These potential component units provide volunteer fire and police services within the city limits. Although the City does provide facilities and/or some financing, it does not exercise direct control over their operations.

**Port Allen City Constable.** This potential component unit is an independently elected official and provides services to residents, generally within the geographic boundaries of the City. However, the City does not have the ability to exercise influence over its daily operations.

**Government-wide and Fund Financial Statements.** The government-wide financial statements include the statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2009*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation.** The financial statements of the City are prepared in conformity with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions included on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Principal and interest on general long term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. However, expenditures related to compensated absences and claims and judgments are only recorded when payment is due.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2009*

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**General Fund.** The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Special Revenue Fund:**

**Port Allen Fire Subdistrict Number 3 Fund.** The Fire District Fund is used to account for its proportionate share of a ½ cent sales tax specifically dedicated for the purchase and maintenance of firefighting equipment and to provide for payment of contractual obligations of the fire subdistrict and to provide fire protection to the subdistrict and its citizens.

**LCDBG Fund.** The Louisiana Community Development Block Grant Fund is operational through proceeds from grants and transfers from the Capital Improvements Fund of the City. The grant is for the repair of ten city streets.

**Capital Projects Funds:**

**Capital Improvements Fund.** This fund is used to account for Video Poker revenues. The City Council approves amounts to be transferred to other funds or expended through budget appropriation.

**Fire Station Construction Fund.** The Fire Complex Construction Fund is used to account for all resources and expenditures in connection with the construction of capital facilities and major capital improvements.

**Debt Service Fund:**

**Municipal Complex Debt Service Fund.** This fund is operational through proceeds from debt and transfers from the Capital Improvements Fund of the City. The City Council approves amounts to be transferred to this fund through budget appropriation.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2009*

The government reports the following major proprietary funds:

**Enterprise Funds:**

**Water and Gas Fund.** The Water and Gas Fund is to account for the provision of water and gas services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

**Sewer Fund.** The Sewer Fund is to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service billing.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Gas fund and the Sewer fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

June 30, 2009

**Deposits and Investments.** Cash and cash equivalents include cash on hand, demand deposits, as well as certificates of deposit and short term investments, with a maturity date within three months of the date acquired by the City.

State law allows the city to invest in any direct obligation of the United States Treasury, other debt issued or guaranteed by the full faith and credit of the United States, certificates of deposit of any bank in Louisiana, mutual funds which are registered with the Securities and Exchange Commission and invest in securities of the U.S. government or its agencies, guaranteed investment contracts issued by banks or insurance companies or investment grade commercial paper of domestic U.S. corporations. The City's investment policy is more restrictive in that it does not allow guaranteed investment contracts issued by banks or insurance companies, or investment grade commercial paper of domestic U.S. corporations.

Investments for the City, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The report value of the pool is the same as the fair value of the pool shares.

**Short Term Interfund Receivables/Payables.** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

**Inventories.** Purchases of operating supplies are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

**Prepaid Items.** Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets.** Restricted assets include certain cash and investments of the Water & Gas Fund, Sewer Fund, Municipal Complex Construction Fund, Fire Station Construction Fund, Municipal Complex Debt Service Fund, and the Fire Station Debt Service Fund, which are legally restricted as to their use. The restricted cash and investments in the governmental funds and in the Sewer Fund are held separately and restricted according to the applicable bond indenture agreements. The restricted cash in the Water & Gas Fund is held in trust for customer utility meter deposits.

**Capital Assets.** Capital Assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2009*

Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost in excess of \$2,000 and a useful life of over one year. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Description	Life in Years
Buildings	30-50
Water and Sewer Systems	40-50
Infrastructure	20-35
Machinery and Equipment	5-10
Improvements	20

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets in the year acquired. Infrastructure assets include roads, underground pipe (other than related to utilities), etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has been reported in the financial statements prior to the City's adoption of GASB Statement No. 34 in the year ended June 30, 2004. The retroactive reporting of infrastructure prior to the adoption of GASB Statement No. 34 is not required for governments of this size and, accordingly, the City has elected not to report infrastructure retroactively. However, the City will continue to report new infrastructure assets in the year acquired.

**Compensated Absences.** Full-time, permanent employees of the City earn vacation leave and sick leave at various rates depending on the number of years of service. The City's policy allows employees to accumulate unused sick leave on an unlimited basis and unused vacation leave up to 60 days. An employee is compensated for up to 60 days of unused vacation leave at the employee's hourly rate of pay at the time of termination. Upon an employee's retirement, sick leave, not to exceed 60 days, and vacation leave not to exceed 60 days shall be paid as severance pay. The liability for these compensated absences is recorded as long term debt in the government-wide and proprietary financial statements. However, any matured compensated absences existing at year-end which are payable to currently terminating employees are reported in the governmental funds as wages and benefits payable and on the government-wide and proprietary financial statements as the current portion of compensated absences.

**Other Post Employment Benefit Obligations.** During the year ended June 30, 2009, the City implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." This pronouncement requires the City to calculate and recognize a net other post-employment benefit obligation (NOPEBO) at June 30, 2009. The NOPEBO is, in general, the cumulative difference between the actuarial required



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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2009*

contribution and the actual contributions since July 1, 2008. The City makes annual contributions based upon council decisions.

**Long Term Debt.** Long Term Debt obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements.

Long Term Debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and the payment of principle and interest are reported as expenditures, in the fund statements.

The reporting of Long Term Debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

### **Fund Equity.**

#### **Equity Classifications.**

#### **Government-Wide Financial Statements.**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by:
  1. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
  2. law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

#### **Fund Financial Statements.**

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2009*

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**Interfund Transactions.** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of the expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

### **Revenues and Expenditure Recognition.**

**Ad Valorem Taxes.** Ad Valorem taxes are recognized in the fiscal year in which the taxes are levied. Taxes are due and become an enforceable lien on property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). City taxes are billed and collected by the City.

Taxes become delinquent on January 1<sup>st</sup> in the year after levy. Taxes are levied on property values determined by the West Baton Rouge Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of its fair market value and other property at 15 percent of its fair market value. Ad Valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation for the following purposes:

General Fund	2009 Millage
General Maintenance	6.67
Police Department	4.77

**Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2009*

### 2. Stewardship, Compliance, and Accountability

**Budgetary Information.** Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital improvement and debt service funds, and all annual appropriations lapse at fiscal year end. However, the Municipal Complex Construction Fund's budget is a project-based capital budget.

Policies and procedures with respect to the budget adoption and budgetary control are as follows:

On or before May 15 of each year, all agencies of the City submit requests for appropriation to the City's finance director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 16, the proposed budget is presented to the City's Council for review. The City's Council holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's finance director or the revenue estimates must be changed by an affirmative vote of a majority of the City's Council.

Expenditures may not legally exceed budgeted appropriations at the activity level by more than 5%. During the year, several supplementary appropriations were necessary.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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## CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, Continued

June 30, 2009

### 3. Deposits and Investments

Deposits. At June 30, 2009, the City has deposits totaling \$6,322,782 (book balances) as follows:

Type of Deposit	Carrying Value
Demand deposits	\$ 589,934
Time deposits and Interest-bearing deposits	5,732,848
Total Deposits	<u>\$ 6,322,782</u>

These deposits are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2009, the City has \$6,327,244 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$5,873,776 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

## CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2009

### Investments.

As of June 30, 2009, the change in the City's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, June 30, 2008	\$ 2,691,750	\$ 2,629,034
Add:		
Investment purchase	945,000	945,000
Market value adjustment	-	41,654
Total	3,636,750	3,615,688
Less- investments maturities	863,240	863,240
Balance, June 30, 2009	\$ 2,773,510	\$ 2,752,448

### LAMP

Local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at market value and are equal to the value of the pool shares.

Investments in LAMP held at June 30, 2009 totaled \$1,953,398. In accordance with GASB Codification Section I50.165, the investments in LAMP at June 30, 2009 are not categorized in the risk categories provided by GASB Codification Section I50.164 because the investments are in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP Corporation is governed by a board of directors comprising the State treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as

## CITY OF PORT ALLEN, LOUISIANA

### Notes to Financial Statements, Continued

June 30, 2009

well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

#### Custodial Credit Risk of Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent, but not in the name of the City.

The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the City based upon whether the investments are insured or registered and upon who holds the security at June 30, 2009. The categories of credit risk are defined as follows:

Category 1—Insured or registered with securities held by the City or its agent in the City's name

Category 2—Uninsured and unregistered with securities held by a counterparty's trust department or agent in the City's name

Category 3—Uninsured and unregistered with securities held by the counterparty or by its trust department or agent, but not in the City's name

Type of Investment	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Government obligations	\$ -	\$ -	\$ 10,878	\$ 10,878	\$ 10,878
U.S. Agency obligations	-	-	2,721,570	2,721,570	2,721,570
Certificates of deposit	20,000	-	-	20,000	20,000
Total Investments				\$ 2,752,448	\$ 2,752,448

#### Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics.

## CITY OF PORT ALLEN, LOUISIANA

### Notes to Financial Statements, Continued

June 30, 2009

As of June 30, 2009, the City of Port Allen had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Government obligations	\$ 10,878	\$ -	\$ -	\$ 9,682	\$ 1,196
U.S. Agency obligations	2,721,570	-	-	1,988,916	732,654
Certificate of deposit	20,000	20,000	-	-	-
Total	\$ 2,752,448	\$ 20,000	\$ -	\$ 1,998,598	\$ 733,850

#### Credit Risk

The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S & P) and Moody's.

As of June 30, 2009, all of the City's purchased investments in U.S. Agencies Bonds were rated AAA and Aaa by Standard & Poors and Moody's respectively. U.S. Government obligations are explicitly guaranteed by the U.S. government and are not risk rated.

#### Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The City's investment policy requires the investment portfolio to be diversified to eliminate the risk of loss of both principal and income resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

## CITY OF PORT ALLEN, LOUISIANA

### Notes to Financial Statements, Continued

June 30, 2009

#### Reconciliation

In order to accurately compare the cash and investments shown on the combined balance sheet with carrying values of deposits and investments disclosed in the schedules above, the following is provided:

Captions in Note 3	
Carrying value of bank deposits	\$ 6,322,782
Carrying value of investments	2,752,448
Carrying value of Lamp investments	1,953,398
Total	<u>\$ 11,028,628</u>
Captions on combined balance sheet:	
Cash and cash equivalents	\$ 6,871,319
Investments	2,633,591
Restricted cash and cash equivalents	1,404,860
Restricted investments	118,858
Total	<u>\$ 11,028,628</u>

#### 4. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem, sales taxes, franchise taxes, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem, sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.



# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2009

Balances receivable have been aggregated for presentation in the accompanying financial statements. Therefore, the following schedules provide additional detailed information concerning balances receivable by category and fund type. Receivable balances at June 30, 2009, are as follows:

	Governmental Funds			
	General Fund	Fire Subdistrict Number 3 Fund	Capital Improvements Fund	Total Governmental Funds
Franchise tax	\$ 59,915	\$ -	\$ -	\$ 59,915
Ad valorem tax	3,457	-	-	3,457
Fines	19,985	-	-	19,985
Liens	54,300	-	-	54,300
Interest	13,049	9,113	-	22,162
Other	32,141	-	26	32,167
Total Receivables	182,847	9,113	26	191,986
Allowance for Uncollectibles	(71,184)	-	-	(71,184)
Receivables, Net	\$ 111,663	\$ 9,113	\$ 26	\$ 120,802

	Proprietary Funds		
	Water & Gas Fund	Sewer Fund	Total Proprietary Funds
Utility Fees	\$ 302,061	\$ -	\$ 302,061
Interest	1,369	2,063	3,432
Total Receivables	303,430	2,063	305,493
Allowance for Uncollectibles	(70,130)	-	(70,130)
Receivables, Net	\$ 233,300	\$ 2,063	\$ 235,363

Uncollectible amounts due for condemnation and code enforcement receivables and utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2009

## 5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2009:

	Beginning Balance June 30, 2008	Increases	Decreases	Ending Balance June 30, 2009
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 861,301	\$ -	\$ -	\$ 861,301
Construction in progress	-	1,952,409	-	1,952,409
	861,301	1,952,409	-	2,813,710
Capital assets, being depreciated:				
Buildings and structures	5,320,546	-	2,500	5,318,046
Furniture and fixtures	500,221	10,017	754	509,484
Equipment and vehicles	3,009,235	453,536	120,552	3,342,219
Total capital assets, being depreciated	8,830,002	463,553	123,806	9,169,749
Less accumulated depreciation for:				
Buildings and structures	959,926	129,426	-	1,089,352
Furniture and fixtures	203,923	41,340	755	244,508
Equipment and vehicles	1,651,348	230,800	118,869	1,763,279
Total accumulated depreciation	2,815,197	401,566	119,624	3,097,139
Total capital assets, being depreciated, net	6,014,805	61,987	4,182	6,072,610
<b>Governmental activities capital assets, net</b>	<b>\$ 6,876,106</b>	<b>\$ 2,014,396</b>	<b>\$ 4,182</b>	<b>\$ 8,886,320</b>

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2009

The following is a summary of changes in capital assets for business-type activities for the fiscal year June 30, 2009:

	Beginning Balance June 30, 2008	Increases	Decreases	Ending Balance June 30, 2009
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,573	\$ -	\$ -	\$ 23,573
Capital assets, being depreciated:				
Buildings	296,874	-	-	296,874
Furniture and fixtures	106,739	11,912	-	118,651
Equipment and vehicles	300,603	-	-	300,603
Wastewater treatment plant	803,193	-	-	803,193
Water system	1,323,145	113,553	-	1,436,698
Gas system	917,071	-	-	917,071
Sewer system	1,685,473	-	-	1,685,473
Total capital assets, being depreciated	5,433,098	125,465	-	5,558,563
Less Accumulated Depreciation for:				
Buildings	91,775	8,427	-	100,202
Furniture and fixtures	88,017	8,032	-	96,049
Equipment and vehicles	187,322	17,789	-	205,111
Wastewater treatment plant	481,518	28,228	-	509,746
Water system	1,036,683	13,364	-	1,050,047
Gas system	715,802	11,227	-	727,029
Sewer system	599,723	31,092	-	630,815
Total accumulated depreciation	3,200,840	118,158	-	3,318,998
Total capital assets, being depreciated, net	2,232,258	7,307	-	2,239,565
<b>Business-type activities capital assets, net</b>	<b>\$ 2,255,831</b>	<b>\$ 7,307</b>	<b>\$ -</b>	<b>\$ 2,263,138</b>

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## CITY OF PORT ALLEN, LOUISIANA

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### Notes to Financial Statements, Continued

June 30, 2009

Depreciation expense was charged to government functions as follows:

General Government	\$	106,028
Public Safety - Police Department		95,084
Public Safety - Fire Department		159,908
Roads and Drainage		32,242
Depot Welcoming Center		8,113
Fleet Maintenance		191
Total	\$	<u>401,566</u>

Depreciation expense was charged to business-type functions as follows:

Water and gas	\$	46,968
Sewer		71,190
Total	\$	<u>118,158</u>

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government		
Capital Outlay	\$	2,413,462
Depreciation Expense		<u>(401,566)</u>
Total Adjustments	\$	<u>2,011,896</u>

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2009

### 6. Long Term Debt

The following is a summary of changes in long term debt for the year ended June 30, 2009:

Type of Debt	Balance at June 30, 2008	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at June 30, 2009	Amount due within One Year
<i>Governmental Activities:</i>					
Revenue Bond	\$ 3,370,000	\$ 2,720,000	\$ 90,000	\$ 6,000,000	\$ 130,000
Other Post Employment Benefits	-	65,635	-	65,635	-
Compensated Absences	435,175	(11,145)	-	424,030	-
Total Governmental Long-Term Debt	\$ 3,805,175	\$ 2,774,490	\$ 90,000	\$ 6,489,665	\$ 130,000
<i>Business-Type Activities:</i>					
Revenue Bond	\$ 691,123	\$ -	\$ 65,000	\$ 626,123	\$ 65,000
Other Post Employment Benefits	-	19,690	-	19,690	-
Compensated absences	182,324	11,819	-	194,143	-
Total Business-Type Activities Debt	\$ 873,447	\$ 31,509	\$ 65,000	\$ 839,956	\$ 65,000

The reporting entity's long term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

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## CITY OF PORT ALLEN, LOUISIANA

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### Notes to Financial Statements, Continued

June 30, 2009

#### Governmental Activities:

As of June 30, 2009, the governmental long term debt of the financial reporting entity consisted of the following:

#### Revenue Bonds

The City borrowed \$3,505,000 from Louisiana Local Environmental Facilities and Community Development Authority (the "Authority") on August 10, 2004 for the construction of a new city hall and related improvements. The loan is repayable in annual installments of \$45,000 to \$245,000 plus interest at 4.0% to 5.0%. Payments are due annually from July 1, 2006 to July 1, 2029. The balance at June 30, 2009 is \$3,280,000 and debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 95,000	\$ 159,427
2011	100,000	155,527
2012	105,000	151,323
2013	110,000	146,752
2014	110,000	141,968
2015-2019	645,000	625,900
2020-2024	820,000	445,434
2025-2029	1,050,000	205,353
2030	245,000	6,370
	<u>\$ 3,280,000</u>	<u>\$ 2,038,054</u>

## CITY OF PORT ALLEN, LOUISIANA

### Notes to Financial Statements, Continued

June 30, 2009

#### Revenue Bonds

The City borrowed \$2,700,000 from Louisiana Local Environmental Facilities and Community Development Authority (the "Authority") on July 11, 2008 for the construction of a new fire station. The loan is repayable in annual installments of \$35,000 to \$175,000 plus interest at 4.0% to 5.625%. Payments are due annually from February 1, 2009 to February 1, 2038. The balance at June 30, 2009 is \$2,720,000 and debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 35,000	\$ 141,556
2011	45,000	139,956
2012	45,000	138,156
2013	50,000	136,256
2014	50,000	134,256
2015-2019	285,000	637,956
2020-2024	360,000	558,700
2025-2029	460,000	450,850
2030-2034	605,000	307,269
2035-2038	785,000	115,172
	<u>\$ 2,720,000</u>	<u>\$ 2,760,128</u>

#### Business Activities:

As of June 30, 2009, the long term debt payable from proprietary fund resources consisted of the following:

#### Revenue Bonds

The City has received \$1,236,123 from the Louisiana Department of Environmental Quality Municipal Facilities Revolving Loan Fund for financing the costs of construction of a sewer effluent force main and pumping station. The construction was completed on June 28, 1999. The City is repaying the loan in annual installments of \$45,000 to \$85,000 through 2018. Interest is being paid on April 1 and October 1 of each year at 3.95%. The balance on the loan at June 30, 2009 is \$626,123.

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2009

As of June 30, 2009, the business long term debt of the financial reporting entity is secured by specified revenue sources and has annual debt service requirements as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 65,000	\$ 21,601
2011	70,000	19,359
2012	70,000	16,944
2013	75,000	14,529
2014	75,000	11,941
2015-2019	271,123	20,682
	<u>\$ 626,123</u>	<u>\$ 105,056</u>

There are a number of covenants and restrictions contained in the three bond indentures noted above. The City is not in compliance with all significant covenants and restrictions at June 30, 2009. Management expects the debt will be repaid according to its original schedule and will not be placed in default, therefore none of it has been classified as current liabilities.

### 7. Interfund Receivables/Payables

Receivable Fund	Payable Fund	Amount
General Fund	Fire Subdistrict Fund No. #3	\$ 117,953
	Capital Improvement Fund	162,445
	Riverfront Capital Projects Fund	300
	Water & Gas Fund	90,992
		<u>371,690</u>
Fire Station Construction Fund	Fire Subdistrict Fund No. #3	<u>\$ 204,800</u>
Water & Gas Fund	Sewer Fund	<u>\$ 24,181</u>

### 8. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.



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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2009*

At June 30, 2009, there were various lawsuits and claims pending against the City. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial position of the City.

### 9. Retirement Commitments

#### *Municipal Employees Retirement System of Louisiana (MERS)*

*Plan Description.* All of the City's full time general employees participate in the MERS, a cost sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees. MERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. MERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana, 70809, or by calling (225) 925-4810.

*Funding Policy.* Plan members are required by state statute to contribute 9.25% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 13.5% of annual covered payroll. The contribution requirements of plan members and employers are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. Employer contributions to MERS for the years ending June 30, 2009, 2008, and 2007 were \$188,586, \$178,837, and \$209,652, respectively, and were equal to the required contributions for each year.

#### *Municipal Police Employees Retirement System (MPERS)*

*Plan Description.* All of the City's full time police employees participate in the MPERS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. MPERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Police Employees Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana, 70809, or by calling (225) 929-7411.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2009*

*Funding Policy.* Plan members are required by state statute to contribute 7.5% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 9.5% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to MPERS for the years ending June 30, 2009, 2008, and 2007 were \$72,135, \$101,120 and \$95,099 respectively, and were equal to the required contributions for each year.

#### *Firefighters' Retirement System (FRS)*

*Plan Description.* All of the Port Allen Fire Subdistrict No. 3's full time fire employees participate in the FRS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. FRS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana, 70806, or by calling (225) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 8% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to FRS for the years ending June 30, 2009, 2008 and 2007 were \$63,650, \$59,182, and \$56,528, respectively, and were equal to the required contributions for each year.

#### *Louisiana State Employees Retirement System (LASERS)*

*Plan Description.* The City's judicial employee participates in the LASERS, a cost-sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2009*

*Funding Policy.* Plan members are required by state statute to contribute 11.5% of their annual covered salary and employers are required to contribute at an actuarially determinable rate. The current employer rate is 18.5% of annual covered payroll. The contribution requirements of plan members and the employer are established by and amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to LASERS for the years ending June 30, 2009, 2008, and 2007 were \$5,356, \$5,356 and \$4,740, respectively, and were equal to the required contributions for each year.

### 10. Post-employment Health Care Benefits

*Plan Description.* The City of Port Allen's medical benefits are provided through a insured medical plan and are made available to employees upon actual retirement.

The employees are covered by one of four retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; and, second, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and third, the Municipal Police Employees Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and fourth, the Louisiana State Employees Retirement System, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. The employees must have at least 25 years of service in order to obtain retiree medical coverage paid by the employer. Because of this requirement and based on past experience and retirement patterns, we have assumed that employees will enter D.R.O.P. after the later of age 55 and completion of 25 years of service. Complete plan provisions are included in the official plan documents.

*Contribution Rates.* Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

*Fund Policy.* Until 2008, the City of Port Allen recognized the cost of providing post-employment medical benefits (the City of Port Allen's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In the year ended June 30, 2009, the City of Port Allen's portion of health care funding cost for retired employees totaled \$28,383.

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2009

Effective with the Fiscal Year beginning July 1, 2008, the City of Port Allen implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

Annual Required Contribution. The City of Port Allen's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2008 is \$113,708, as set forth below:

	Medical
Normal cost	\$ 32,719
30-year UAL amortization amount	80,989
Annual required contribution (ARC)	<u>\$ 113,708</u>

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Port Allen's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2009:

	Medical
Beginning net OPEB obligation (asset) 7/1/2008	\$ -
Annual required contribution	113,708
Interest on net OPEB obligation (asset)	-
ARC adjustment	-
OPEB cost	113,708
Contribution	-
Current year retiree premium	(28,383)
Change in new OPEB obligation	85,325
Ending net OPEB obligation (asset) 6/30/2009	<u>\$ 85,325</u>

The following table shows the City of Port Allen's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2009

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	June 30, 2009	\$ 113,708	24.96%	\$ 85,325

Funded Status and Funding Progress. In the fiscal year ending June 30, 2009, the City of Port Allen made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2008, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$1,400,425, which is defined as that portion, as determined by a particular actuarial cost method (the City of Port Allen uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2008, the entire actuarial accrued liability of \$1,400,425 was unfunded.

	Medical
Actuarial accrued liability (AAL)	\$ 1,400,425
Actuarial value of plan assets	-
Unfunded act. accrued liability (UAAL)	1,400,425
ARC adjustment	-
Funded ratio (act. val. assets/AAL)	0%
Covered payroll (active plan members)	2,131,004
UAAL as a percentage of covered payroll	66%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Port Allen and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Port Allen and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of

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## CITY OF PORT ALLEN, LOUISIANA

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### Notes to Financial Statements, Continued

June 30, 2009

cost sharing between the City of Port Allen and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are below:

Age	Percent Turnover
18-25	20.0%
26-40	12.0%
41-54	10.0%
55+	6.0%

Post employment Benefit Plan Eligibility Requirements. Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence four years after D.R.O.P. entry, as described above under "Plan Description" (three years in D.R.O.P. and one additional year). Medical benefits are provided to employees upon actual retirement. The employees are covered by one of two retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; and, second, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. The employees must have at least 25 years of service in order to obtain retiree medical coverage paid by the employer. Because of this requirement and based on past experience and retirement patterns, we have assumed that employees will enter D.R.O.P. after the later of age 55 and completion of 25 years of service. Entitlement to benefits continue through Medicare to death.

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## CITY OF PORT ALLEN, LOUISIANA

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### Notes to Financial Statements, Continued

June 30, 2009

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 50% of the retiree portion of the coverage (not dependents), but it is based on the blended rate (active and retiree) before age 65 Medicare eligibility. Since GASB 45 requires the use of unblended rates, we have "unblended" the rates before age 65 by assuming the unblended rate for retirees is 130% of the total blended rate.

#### 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City purchases commercial insurance policies at levels which management believes is adequate to protect the City. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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## **CITY OF PORT ALLEN, LOUISIANA**

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*Notes to Financial Statements, Continued*

*June 30, 2009*

### **12. On-Behalf Payments**

Included in intergovernmental revenue and salary expense are supplemental salary payments to police officers and firemen, which were paid directly to them from the State of Louisiana. The payments to police officers were \$77,761 for the year ended June 30, 2009. The payments to firemen were \$54,287 for the year ended June 30, 2009.

### **13. Restrictions of Fund Balances and Net Assets**

On January 11, 2006, the City Council passed Ordinance No. 1 of 2006, which restricted \$2,500,000 of the fund balance of the General Fund to assist the City in meeting extraordinary expenses and obligations in the event of a potential future decrease in sales tax revenue. The same ordinance also restricted \$900,000 of the net assets of the Water and Gas Fund to assist the City in meeting extraordinary expenses and obligations due to unanticipated costs regarding the operation and maintenance of the City's water and gas system.



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**CITY OF PORT ALLEN, LOUISIANA**

*Required Supplementary Information*

*June 30, 2009*

# CITY OF PORT ALLEN, LOUISIANA

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund

Year Ended June 30, 2009

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 832,020	\$ 832,020	\$ 817,626	\$ (14,394)
Licenses and permits	312,000	312,000	382,962	70,962
Intergovernmental	2,306,100	3,332,337	3,429,315	96,978
Charges for services	388,200	371,400	372,401	1,001
Fines and forfeitures	54,000	54,000	52,133	(1,867)
Investment earnings	120,000	84,000	98,997	14,997
Miscellaneous	36,368	31,500	27,447	(4,053)
Total revenues	4,048,688	5,017,257	5,180,881	163,624
<b>Expenditures</b>				
Current				
General government	578,088	602,738	603,348	(610)
Public safety	2,195,136	2,227,429	2,268,695	(41,266)
Roads and drainage	1,154,328	1,254,578	1,304,564	(49,986)
Depot Welcome Center	16,055	16,057	14,119	1,938
Sanitation	502,524	894,600	893,153	1,447
Health	28,344	28,344	29,646	(1,302)
Community Development	189,552	126,442	131,373	(4,931)
Fleet maintenance	111,168	113,160	115,742	(2,582)
Capital outlay				
Public safety	-	27,976	27,914	62
Roads and drainage	-	99,072	99,072	-
Total expenditures	4,775,195	5,390,396	5,487,626	(97,230)
<b>Excess of Revenues Over Expenditures</b>	(726,507)	(373,139)	(306,745)	66,394
<b>Other Financing Sources (Uses)</b>				
Sales of general fixed assets	1,500	8,000	14,875	6,875
Operating transfers in	756,108	786,108	840,696	54,588
Operating transfers out	-	(253,544)	(253,544)	-
Total other financing sources (uses)	757,608	540,564	602,027	61,463
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	31,101	167,425	295,282	127,857
<b>Fund Balance</b>				
Beginning	4,043,833	4,043,833	4,149,927	106,094
Ending	\$ 4,074,934	\$ 4,211,258	\$ 4,445,209	\$ 233,951

**CITY OF PORT ALLEN, LOUISIANA****Schedule of Revenues and Other Financing****Year Ended June 30, 2009****Sources - Budget and Actual****General Fund**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Taxes</b>				
Ad valorem	\$ 442,020	\$ 442,020	\$ 439,416	\$ (2,604)
Franchise	390,000	390,000	378,210	(11,790)
Total taxes	832,020	832,020	817,626	(14,394)
<b>Licenses and permits</b>				
Business licenses and permits				
Professional and occupational	312,000	312,000	382,962	70,962
Total licenses and permits	312,000	312,000	382,962	70,962
<b>Intergovernmental</b>				
Federal Grants				
Public safety	-	16,157	16,157	-
Disaster relief	-	317,580	280,875	(36,705)
State shared revenues				
Alcoholic beverage tax	28,000	28,000	22,998	(5,002)
Streets	5,300	5,300	5,300	-
On behalf payments	-	-	132,048	132,048
West Baton Rouge Parish shared revenues				
General sales and use tax	2,272,800	2,956,800	2,963,059	6,259
Subpoena reimbursements	-	8,500	8,878	378
Total intergovernmental	2,306,100	3,332,337	3,429,315	96,978
<b>Charges for services</b>				
Public safety - protective inspection fees	31,800	15,000	13,241	(1,759)
Sanitation - refuse collection charges	356,400	356,400	359,160	2,760
Total charges for services	388,200	371,400	372,401	1,001
<b>Fines and forfeitures</b>	54,000	54,000	52,133	(1,867)
<b>Investment earnings</b>	120,000	84,000	98,997	14,997
<b>Miscellaneous</b>	36,368	31,500	27,447	(4,053)
Total Revenues	4,048,688	5,017,257	5,180,881	163,624
<b>Other Financing Sources</b>				
Sales of general fixed assets	1,500	8,000	14,875	6,875
Operating transfers in	756,108	786,108	840,696	54,588
Operating transfers out	-	(253,544)	(253,544)	-
Total other financing sources	757,608	540,564	602,027	61,463
Total revenues and other financing sources	\$ 4,806,296	\$ 5,557,821	\$ 5,782,908	\$ 225,087

## CITY OF PORT ALLEN, LOUISIANA

## Schedule of Expenditures and Other Financing

Year Ended June 30, 2009

## Uses - Budget and Actual

## General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Current</b>				
General government				
Legislative				
Personal services	\$ 35,176	\$ 35,176	\$ 35,173	\$ 3
Judicial				
Personal services	72,684	72,684	72,604	80
Supplies	960	960	960	-
Other services and charges	12,924	12,924	12,709	215
Executive				
Personal services	49,039	49,039	49,051	(12)
Administrative				
Personal services	241,249	241,249	241,535	(286)
Supplies	10,680	10,680	9,012	1,668
Other services and charges	155,376	180,026	182,304	(2,278)
Total general government	578,088	602,738	603,348	(610)
Public safety				
Police				
Personal services	1,207,896	1,220,568	1,173,158	47,410
Supplies	114,168	115,549	106,021	9,528
Other services and charges	146,664	146,664	139,331	7,333
Fire				
Personal services	686,208	716,208	826,665	(110,457)
Protective inspection				
Other services and charges	40,200	28,440	23,520	4,920
Total public safety	2,195,136	2,227,429	2,268,695	(41,266)
Roads and Drainage				
Personal services	530,460	535,980	543,018	(7,038)
Supplies	320,100	257,600	225,896	31,704
Other services and charges	303,768	460,998	535,650	(74,652)
Total roads and drainage	1,154,328	1,254,578	1,304,564	(49,986)

**CITY OF PORT ALLEN, LOUISIANA****Schedule of Expenditures and Other Financing****Year Ended June 30, 2009****Uses - Budget and Actual, Continued****General Fund**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Depot Welcome Center				
Personal services	\$ 6,408	\$ 6,408	\$ 6,214	\$ 194
Supplies	1,559	1,561	954	607
Other services and charges	8,088	8,088	6,951	1,137
Total depot welcome center	16,055	16,057	14,119	1,938
Sanitation				
Other services and charges	502,524	894,600	893,153	1,447
Animal control				
Other services and charges	28,344	28,344	29,646	(1,302)
Community Development				
Personal services	8,630	8,630	11,803	(3,173)
Supplies	-	-	22	(22)
Other services and charges	180,922	117,812	119,548	(1,736)
Total community development	189,552	126,442	131,373	(4,931)
Fleet maintenance				
Personal services	93,828	95,820	96,751	(931)
Supplies	11,952	11,952	13,861	(1,909)
Other services and charges	5,388	5,388	5,130	258
Total fleet maintenance	111,168	113,160	115,742	(2,582)
Total current expenditures	4,775,195	5,263,348	5,360,640	(97,292)
Capital Outlay				
Public safety				
Police	-	27,976	27,914	62
Roads and drainage	-	99,072	99,072	-
Total capital outlay expenditures	-	127,048	126,986	62
Total Expenditures	\$ 4,775,195	\$ 5,390,396	\$ 5,487,626	\$ (97,230)

# **CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual*  
*Port Allen Fire Subdistrict No. 3 Fund*

*Year Ended June 30, 2009*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 1,163,328	\$ 1,672,022	\$ 1,662,629	\$ (9,393)
Investment earnings	57,000	50,000	74,658	24,658
Miscellaneous	4,980	30,020	30,067	47
<b>Total revenues</b>	<b>1,225,308</b>	<b>1,752,042</b>	<b>1,767,354</b>	<b>15,312</b>
<b>Expenditures</b>				
Current				
Public safety				
Fire				
Supplies	73,620	107,574	95,519	12,055
Other services and charges	131,292	143,265	143,715	(450)
Capital outlay				
Public safety				
Fire	96,000	175,928	175,834	94
<b>Total expenditures</b>	<b>300,912</b>	<b>426,767</b>	<b>415,068</b>	<b>11,699</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>924,396</b>	<b>1,325,275</b>	<b>1,352,286</b>	<b>27,011</b>
<b>Other Financing Sources (Uses)</b>				
Sale of General Fixed Asset	-	203	203	-
Operating transfers out	(751,308)	(1,156,442)	(1,212,612)	(56,170)
<b>Total other financing sources (uses)</b>	<b>(751,308)</b>	<b>(1,156,239)</b>	<b>(1,212,409)</b>	<b>(56,170)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>173,088</b>	<b>169,036</b>	<b>139,877</b>	<b>(29,159)</b>
<b>Fund Balance</b>				
Beginning	1,717,399	1,717,399	1,715,317	(2,082)
Ending	\$ 1,890,487	\$ 1,886,435	\$ 1,855,194	\$ (31,241)

# **CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Louisiana Community Development Block Grant Fund*

*Year Ended June 30, 2009*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 460,000	\$ 460,000	\$ 460,000	\$ -
Total revenues	460,000	460,000	460,000	-
<b>Expenditures</b>				
Current				
Highways and Streets	660,000	732,504	717,367	15,137
Total expenditures	660,000	732,504	717,367	15,137
Excess (Deficiency) of Revenues Over Expenditures	(200,000)	(272,504)	(257,367)	15,137
Other Financing Sources (Uses)				
Operating transfers in	200,000	272,504	257,372	(15,132)
Total other financing sources (uses)	200,000	272,504	257,372	(15,132)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	-	5	5
<b>Fund Balance</b>				
Beginning	-	-	-	-
Ending	\$ -	\$ -	\$ 5	\$ 5

# **CITY OF PORT ALLEN, LOUISIANA**

## **Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Capital Improvements Fund**

**Year Ended June 30, 2009**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 414,000	\$ 222,000	\$ 219,402	\$ 2,598
Investment earnings	43,600	23,760	23,430	330
Total revenues	457,600	245,760	242,832	2,928
<b>Expenditures</b>				
Current				
Administration	4,800	4,800	4,800	-
Capital outlay				
General Government	2,716	7,865	8,123	(258)
Public Safety	60,000	84,400	83,049	1,351
Fleet Maintenance	-	1,892	1,892	-
Roads and Drainage	125,000	67,669	67,669	-
Total expenditures	192,516	166,626	165,533	1,093
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>265,084</b>	<b>79,134</b>	<b>77,299</b>	<b>(1,835)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	253,544	253,544	-
Operating transfers out	(464,008)	(536,512)	(521,380)	15,132
Total other financing sources (uses)	(464,008)	(282,968)	(267,836)	15,132
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(198,924)</b>	<b>(203,834)</b>	<b>(190,537)</b>	<b>13,297</b>
<b>Fund Balance</b>				
Beginning	1,748,453	1,748,453	1,952,286	(203,833)
Ending	\$ 1,549,529	\$ 1,544,619	\$ 1,761,749	\$ (190,536)



# **CITY OF PORT ALLEN, LOUISIANA**

## **Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Municipal Complex Debt Service Fund**

**Year Ended June 30, 2009**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings	\$ 3,000	\$ 588	\$ 360	\$ (228)
Total revenues	3,000	588	360	(228)
<b>Expenditures</b>				
Debt Service				
Principal	95,000	95,000	95,000	-
Interest and other charges	168,408	168,408	168,408	-
Total expenditures	263,408	263,408	263,408	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(260,408)</b>	<b>(262,820)</b>	<b>(263,048)</b>	<b>(228)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	263,408	263,408	263,408	-
Total other financing sources (uses)	263,408	263,408	263,408	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>3,000</b>	<b>588</b>	<b>360</b>	<b>(228)</b>
<b>Fund Balance</b>				
Beginning	151,261	151,261	150,673	(588)
Ending	\$ 154,261	\$ 151,849	\$ 151,033	\$ (816)

# **CITY OF PORT ALLEN, LOUISIANA**

## **Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fire Station Construction Fund**

*From Inception and for the  
Year Ended June 30, 2009*

	Prior Years	Current Year	Total to Date	Project Authorization
<b>Revenues</b>				
Investment earnings	\$ -	\$ 10,049	\$ 10,049	\$ -
Total revenues	-	10,049	10,049	-
<b>Expenditures</b>				
Capital outlay				
General Government	-	1,952,409	1,952,409	2,489,800
Total expenditures	-	1,952,409	1,952,409	2,489,800
Excess (Deficiency) of Revenues Over Expenditures	-	(1,942,360)	(1,942,360)	(2,489,800)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	211,718	211,718	204,800
Bond proceeds	-	2,285,000	2,285,000	2,285,000
Total other financing sources (uses)	-	2,496,718	2,496,718	2,489,800
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	554,358	\$ 554,358	\$ -
<b>Fund Balance</b>				
Beginning		-		
Ending		\$ 554,358		

# CITY OF PORT ALLEN, LOUISIANA

## Schedule of Funding Progress for Postemployment Benefits      Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Payroll
6/30/2009	\$ -	\$ 1,400,425	\$ 1,400,425	0.00%	\$ 2,131,004	66%

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**CITY OF PORT ALLEN, LOUISIANA**

*Other Supplemental Information*

*June 30, 2009*

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## **CITY OF PORT ALLEN, LOUISIANA**

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### ***Nonmajor Governmental Funds***

*June 30, 2009*

#### **Special Revenue Fund**

*Low Income Housing Fund* – The Low Income Housing Fund is used to account for the expenditure and subsequent reimbursement of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify.

#### **Capital Projects Funds**

*Municipal Complex Construction Fund* – This fund is used to account for all resources and expenditures in connection with the construction of the new city hall and related improvements.

*Riverfront Capital Project Fund* – This fund is operational through state and federal grants and private donations. The City Council approves amounts to be expended through budget appropriation.

#### **Debt Service Fund**

*Fire Station Debt Service* This fund is operational through proceeds from debt. The City Council approves amounts to be transferred to this fund through budget appropriation.

# **CITY OF PORT ALLEN, LOUISIANA**

## **Combining Balance Sheet**

*June 30, 2009*

### **Nonmajor Governmental Funds**

	Low Income Housing	Municipal Complex Construction Fund	Riverfront Capital Project Fund	Fire Station Debt Service Fund	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ 150,889	\$ -	\$ 53,197	\$ -	\$ 204,086
Restricted cash and cash equivalents	-	14,422	-	280,230	294,652
<b>Total assets</b>	<b>\$ 150,889</b>	<b>\$ 14,422</b>	<b>\$ 53,197</b>	<b>\$ 280,230</b>	<b>\$ 498,738</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Interest payable	\$ -	\$ -	\$ -	\$ 59,283	\$ 59,283
Due to other funds	-	-	300	-	300
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>59,283</b>	<b>59,583</b>
<b>Fund Balances:</b>					
Reserved for:					
Capital improvements	-	14,422	52,897	-	67,319
Debt Service	-	-	-	220,947	220,947
Welfare	150,889	-	-	-	150,889
<b>Total fund balances</b>	<b>150,889</b>	<b>14,422</b>	<b>52,897</b>	<b>220,947</b>	<b>439,155</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 150,889</b>	<b>\$ 14,422</b>	<b>\$ 53,197</b>	<b>\$ 280,230</b>	<b>\$ 498,738</b>

# **CITY OF PORT ALLEN, LOUISIANA**

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds**

**Year Ended June 30, 2009**

	Low Income Housing	Municipal Complex Construction Fund	Riverfront Capital Projects Fund	Fire Complex Debt Service Fund	Totals
<b>Revenues</b>					
Intergovernmental	\$ 556,513	\$ -	\$ -	\$ -	\$ 556,513
Investment earnings	267	42	700	930	1,939
Miscellaneous	-	-	6	-	6
<b>Total revenues</b>	<b>556,780</b>	<b>42</b>	<b>706</b>	<b>930</b>	<b>558,458</b>
<b>Expenditures</b>					
Current					
General government	-	600	300	-	900
Welfare	537,230	-	-	-	537,230
Capital outlay					
General government	-	(2,500)	-	-	(2,500)
Debt Service					
Interest and other charges	-	-	-	138,314	138,314
Bond Issuance Cost	-	-	-	179,653	179,653
<b>Total expenditures</b>	<b>537,230</b>	<b>(1,900)</b>	<b>300</b>	<b>317,967</b>	<b>853,597</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>19,550</b>	<b>1,942</b>	<b>406</b>	<b>(317,037)</b>	<b>(295,139)</b>
<b>Other Financing Sources (Uses)</b>					
Original Issue Discount	-	-	-	(60,432)	(60,432)
Operating transfers in	-	600	-	170,334	170,934
Operating transfers out	(3,218)	-	-	(6,918)	(10,136)
Bond Proceeds	-	-	-	435,000	435,000
<b>Total other financing sources (uses)</b>	<b>(3,218)</b>	<b>600</b>	<b>-</b>	<b>537,984</b>	<b>535,366</b>
<b>(Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>16,332</b>	<b>2,542</b>	<b>406</b>	<b>220,947</b>	<b>240,227</b>
<b>Fund Balance</b>					
Beginning	134,557	11,880	52,491	-	198,928
Ending	\$ 150,889	\$ 14,422	\$ 52,897	\$ 220,947	\$ 439,155

**CITY OF PORT ALLEN, LOUISIANA***Schedule of Compensation Paid to City Council**Year Ended June 30, 2009*

<u>Council Member</u>	<u>Salary</u>
Ralph Bergeron	\$ 12,000
Johnny L. Johnson, Sr.	6,231
Irvie A. Johnson	5,769
Ray Helen Lawrence	12,000
R. J. Loupe	12,900
Hugh Riviere	<u>12,000</u>
 Total	 <u>\$ 60,900</u>



**CITY OF PORT ALLEN, LOUISIANA***Schedule of Expenditures of Federal Awards**Year Ended June 30, 2009*

	Federal CFDA Number	Program or Award Amount	Expenditures
<b>Federal Grants/Program Title</b>			
<b>U.S. Department of Housing and Urban Development</b>			
Section 8 Housing Choice Voucher Program	14.871	554,993	\$ 537,230
Community Development Block Grant	14.228	460,000	460,000
			<u>997,230</u>
<b>U.S. Department of Homeland Security</b>			
Law Enforcement Terrorism Prevention Program	97.067	13,939	13,939
Disaster Mutual Aid Agreement-Hurricane Gustav	97.036	19,985	19,985
Disaster Mutual Aid Agreement-Hurricane Gustav	97.036	20,232	20,232
			<u>54,156</u>
			<u>\$ 1,051,386</u>

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## **CITY OF PORT ALLEN, LOUISIANA**

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*Notes to Schedule of Expenditures of Federal Awards*

*June 30, 2009*

### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Port Allen, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Certified  
Public  
Accountants

Business  
Advisors

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council  
Port Allen, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the City of Port Allen, Louisiana's, basic financial statements and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting.**

In planning and performing our audit, we considered the City of Port Allen, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Port Allen, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

*Compliance and Other Matters.*

As part of obtaining reasonable assurance about whether the City of Port Allen, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2009-1.

The City of Port Allen's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Port Allen's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Mayor, Members of the City Council, management and federal and state awarding agencies and pass-through entities, and the State of Louisiana Legislative Auditor's office and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC

*Provost, Salter, Harper & Alford, LLC*

December 15, 2009

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council  
Port Allen, Louisiana

**Compliance.**

We have audited the compliance of the City of Port Allen, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Port Allen, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Port Allen, Louisiana's management. Our responsibility is to express an opinion on the City of Port Allen, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Port Allen, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Port Allen, Louisiana's compliance with those requirements.

In our opinion, the City of Port Allen, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance.**

The management of the City of Port Allen, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Port Allen, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Mayor, Members of the City Council, management and federal and state awarding agencies and pass-through entities, and the State of Louisiana Legislative Auditor's office and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC

*Provost, Salter, Harper & Alford, LLC*

December 15, 2009

**CITY OF PORT ALLEN, LOUISIANA*****Schedule of Findings and Responses******Year Ended June 30, 2009******Section I – Summary of Auditor's Results******Financial Statements***

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

***Federal Awards***

Internal Control over major programs:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, § 510(a)?	<u>No</u>
Identification of <u>major programs</u> :	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	<u>Section 8 Housing</u>
14.228	<u>FY 2007 LCDBG</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low risk auditee?	<u>No</u>



## **CITY OF PORT ALLEN, LOUISIANA**

### ***Schedule of Findings and Responses, Continued***

***Year Ended June 30, 2009***

#### **Section II – Financial Statement Findings**

##### **Compliance Findings**

***Item 2009-1*** Bond indentures need to be reviewed periodically for compliance with terms.

*Criteria.* The City's sewer bond indenture requires that sewer net revenues equal 125% of the required deposits to the sinking fund for principal, interest and administrative fees for such fiscal year.

*Effect.* The condition is such that the City may not be in compliance with some requirements, the debt could be in default and lenders could demand immediate repayment.

*Cause.* The City's rate structure has not been sufficient to cover expenditures.

*Recommendation.* Management should make budgetary adjustments to insure compliance with bond indentures.

*Management's Response.* We increased our rates during the year ended June 30, 2009 and expect this finding will be corrected during the fiscal year ending June 30, 2010 as the effect of the rate increase is recognized for a full fiscal year.

#### **Section III – Federal Award Findings**

There were no findings related to federal awards.

#### **Section IV – Independent Auditor's Comments on Resolution of Prior Audit Findings**

Prior year finding 2008-1 related to inadequate segregation of duties over journal entry approval and recording. This finding was corrected by having the mayor approve all journal entries and incompatible duties being segregated.

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**CITY OF PORT ALLEN, LOUISIANA**

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*Schedule of Findings and Responses, Continued*

*Year Ended June 30, 2009*

Prior year finding 2008-3 related to controls over purchasing for items falling within the scope of state bid laws. There were no instances of purchases that were required to be bid during the current fiscal year that were not bid as required by law.

Prior year finding 2008-4 related to deficiencies over fuel purchases. During the current year management was able to obtain odometer readings and receipts so that they could adequately monitor fuel consumption.

Prior year finding 2008-5 related to controls over fixed assets. This was corrected by having a comprehensive listing of municipal complex assets prepared and asset tags attached to movable items.

Prior year finding 2008-6 related to the city council monitoring financial information. This was corrected by having monthly financial statement available for review by the council members.

Current year finding 2009-1 is a repeat of prior year finding 2008-2.